

U.S. Environmental Protection Agency
Office of Cooperative Environmental Management

**National and Governmental Advisory Committees to the
U.S. Representative to the
Council of the Commission for Environmental Cooperation**

MEETING SUMMARY
April 6-7, 2006

**Hotel Washington
515 15th St. NW
Washington, DC 2004**

FINAL

Note: The U.S. National and Governmental Advisory Committees (NAC/GAC) are federal advisory committees chartered by Congress, operating under the Federal Advisory Committee Act (FACA; 5 U.S. C., App. 2). The committees provide advice to the Administrator of the U.S. Environmental Protection Agency on the implementation of the North American Agreement on Environmental Cooperation. The findings and/or recommendations of the committee do not represent the views of the Agency, and this document does not represent information approved or disseminated by EPA.

National and Governmental Advisory Committees Joint Meeting
April 6-7, 2006

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National and Governmental Advisory Committees Joint Meeting

**Hotel Washington
515 15th St., N.W.
Washington, DC**

April 6-7, 2006

Meeting Summary

Thursday, April 6, 2006

Meeting Participants

NAC Committee Members

- Dolores M. Wesson, Chair, University of California, San Diego, Center for Marine Biodiversity and Conservation, Scripps Institute of Oceanography
- Dennis J. Aigner, Ph.D., Dean, Donald Bren School of Environmental Science and Management, University of California-Santa Barbara
- Karen M. Chapman, Water and Wild Life Specialist, Environmental Defense
- Irasema Coronado, Associate Professor, University of Texas at El Paso
- Aldo A. Morell, Director, Safety, Health & Environment Center, Dupont Company
- Carlos Perez, Director, Health, Safety & Environment, Latin American Region, Eastman Kodak Company
- Glenn T. Prickett, Senior Vice President, Conservation International
- Chris A. Wold, Lewis and Clark Law School, Portland, Oregon

GAC Committee Members

- Placido Dos Santos, Chair, Border Environment Manager, Arizona Department of Environmental Quality
- Charles “Chip” Collette, Senior Assistant General Counsel, Tallahassee, Florida
- John Duffy, Borough Manager, Matanuska-Susitna Borough, Palmer, Alaska
- Ronald J. Dutton, Ph.D., Director, Office of Border Health, Texas Department of State Health Services
- Lisa Gover, Program Director, National Tribal Environmental Council, Albuquerque, New Mexico
- Sarah D. Lile, Director, Department of Environmental Affairs, City of Detroit
- Robert R. Scott, Director, Air Resources Division, New Hampshire Department of Environmental Services, Concord
- Carola G. Serrato, Executive Director, South Texas Water Authority, Kingsville
- Ellen A. Smyth, Director of Environmental Services, City of El Paso, Texas
- Colin Soto, Tribal Cultural Advisor, Cocopah Tribe, Somerton, Arizona

- Jeffrey N. Wennberg, Commissioner, Vermont Department of Environmental Conservation, Waterbury

EPA/CEC Staff and Management

- Rafael DeLeon, Director, Office of Cooperative Environmental Management
- Oscar Carrillo, Designated Federal Officer (DFO) for NAC and GAC
- Mark Joyce, Associate Director, Office of Cooperative Environmental Management
- Evonne Marzouk, NAC/GAC Liaison for Commission for Environmental Cooperation (CEC), Office of International Affairs

Speakers

- Jerry Clifford, Deputy Assistant Administrator, EPA Office of International Affairs (OIA)
- Doug Wright, Director of Programs, CEC Secretariat
- Susan Roberts, Ph.D., Director, National Academy of Sciences (NAS)
- Dennis Aigner, Ph.D., Dean, Donald Bren School of Environmental Science and Management, University of California-Santa Barbara
- Charles M. Auer, EPA Office of Pollution Prevention and Toxics
- John Knox, Ph.D., Law Professor, Penn State University
- Michael MacCracken, Ph.D., Chief Scientist, The Climate Institute
- Chantal Line Carpenter, Ph.D., Head of Environment & Trade, CEC Secretariat
- Tom Kerr, LL.M, J.D., Branch Chief, Office of Air and Radiation, EPA
- Tom Peterson, Ph.D., Executive Director, Center for Climate Strategies
- John Duffy, Borough Manager, Matanuska-Susitna Borough, Palmer Alaska

Public Commenters

- Teresa Niedda, Farmworker Health and Safety Institute, Glassboro, New Jersey

Guests

Michael Brody, EPA

Geraldine Brown, OCEM, EPA

Ana Corado, OPPTS, EPA

Robert Heiss, EPA

Elaine Koerner, DFO, GNEB, OCEM, EPA

Juliana Madrid, EPA

Donna Perla, EPA

Luis Troche, EPA, Office of International Affairs

Nancy John, Cherokee Nation, Tahleghah, Oklahoma

Ellen Worters, Department of Interior

Thursday, April 6,

(9:16 a.m.)

***Audio Associates
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I. U. S. Priorities for Council Session

Welcome and Introductions

Dolores M. Wesson, Chair of NAC, brought the meeting to order and welcomed members to the NAC-GAC Joint Meeting. She reviewed the agenda which would include discussion of the CEC Secretariat accomplishments, greening the supply chain, renewable energy, climate adaptations in North America, and long-term issues of quality assurance.

Rafael DeLeon, Director, Office of Cooperative Environmental Management (OCEM), EPA, welcomed board members and guests to the NAC-GAC meeting and introduced ***Jerry Clifford, Deputy Assistant Administrator, EPA Office of International Affairs, U.S. National Coordinator of the U.S. Mexico Border 2012 Program***, and member of ***North American Development Bank (NADBank)***, who would review the CEC operational plan, budget problems, and management reforms.

Opening Remarks: Latest Accomplishments on the CEC Operational Plan & Management Reforms

Deputy Assistant Administrator Jerry Clifford acknowledged that a CEC operational plan had been developed in which work was specified, projects and long-term goals were linked, and a private sector initiative was launched. Budgetary problems with Mexico have been resolved, but Canada has only approved their budget contributions through 2006. Mexico is having an election the week after the current Council session in June in Washington, DC. Canada had an election in January which resulted in a change in administration, and they also were busy in the Fall hosting the first meeting of 150 countries under the Kyoto climate agreement. The U.S. budget for the CEC is not a problem.

Mr. Clifford thanked everyone for their focus and advice on engaging the private sector. Charles Auer, EPA, has made progress on auto emissions, but there has been less progress on the electronic sector initiative due to a change in job responsibilities for Richard Guimond of Motorola. Management reforms include a new budget software system to better manage the \$9 million in funds so that CEC can focus on projects. The second reform is in publications; and the third is in quality assurance for documents and reports, which will soon be brought to closure.

Mr. Clifford asked the committee members to focus on renewable energy in the afternoon discussion on climate change, because climate change is not an activity CEC's three Parties have worked on. New ideas for renewable energy include wind energy production in Mexico, liquid natural gas, and low-sulfur diesel fuel. Mexico has adopted a standard which requires that low-sulfur diesel fuel be produced and used in Mexico.

A major concern for CEC is the lack of public awareness and relevance of CEC in America. Some of the Article 13 work has been helpful in advancing issues, but to the U.S. as a whole the work of the CEC is almost invisible. The main CEC focus has been on trade and the

environment. As trade increases around the world either through WTO or the bi-lateral free trade agreement negotiations, trade and environmental issues need to be made more transparent. CEC has had some success in Central America in getting a public submission process similar to NAFTA's process to help make trade and environment issues more transparent to the public. The viability of CEC's collective work could be enhanced if the work is more relevant in the U.S. The NAC-GAC members could help advise on the work of the CEC, and its products, and could help to advance CEC's influence internationally as a North American regional bloc. For example, in the World Trade Organizations, the European Union comes in as a solid bloc, but in North America, the countries act separately.

Questions and Comments

Chris Wold: Does the CEC have a budget commitment from Mexico and Canada?

Mr. Clifford: We are fully funded for 2006 for \$9 million, but in Canada the new administration needed more time to consider the full five-year funding.

Chris Wold: At the Alt. Rep. Meeting will they act on submitted factual records, including coal-fired power in the U.S., Quebec auto emissions, and Lake Chapala. What process is in place to ensure an independent executive director in December? Is the hiring done by the country?

Mr. Clifford: With respect to Canada, they have a new prime minister who is not that keen about environmental issues, so action on factual records is unlikely. The process of selecting a new director has not been agreed upon, so an executive session is needed. Mexico is anxious to move ahead in the selection of a new director who will come from Mexico, but no information on the process has been received. The Council makes the hiring decision on the Director, not the country.

Karen Chapman: Are the budget and relevance issues related?

Mr. Clifford: There is no implied connection between the budget and relevance. However, over the 10 years and with \$90 million dollars, the CEC should have made a more significant impact. The new OIA focus on management reform and results should help increase the impact of the CEC in America.

Aldo Morell commented that over the last 10 years there has been a lack of focus and vision. *Mr. Clifford* said that at the 10th year anniversary meeting in Mexico, CEC recognized the program was diffuse and projects were not well-connected. In the Puebla Declaration, CEC focused on capacity-building in Mexico and on information management to create meta-data standards with a common system that would allow data-sharing across borders. Now CEC has a strategic plan on trade and the environment in six areas, such as renewable energy and invasive species. Next year we need to reassess the 10-Year Review and advisory committee recommendations to see what has been done and what has not been done. Between now and the next NAC-GAC meeting, *Mr. Clifford* will provide the group with some information on CEC progress.

Placido Dos Santos: Has the CEC conducted an annual conference to highlight activities?

Mr. Clifford: This was done at Council session, but we did not produce a report. The

Council session looks at results of the past and sets goals for the next year.

CEC Secretariat Update

Doug Wright, Director of Programs, CEC, stated that copies of the Executive Director's report from November 2005 to March 2006 would be provided to them for review and comment. The Executive Director's Report states the progress made on 2006 projects and the 2005 program activities prior to the CEC strategic plan endorsed last June. All of projects for the 2006 operational plan have been agreed upon, except for the State of the Environment Report. Copies of the project descriptions are in the members' packets. Several new projects are in the design stage and require working with stakeholders and experts from all Parties. The operational plan does not contain a definition of long-term results, but this would be developed over the next year.

One project on greening of the supply chains in Mexico involves working with three large companies—Clarion, Janssen-Celigo, and Bristol-Meyers Squibb—to build capacity and to work on pollution prevention activities with the supplier companies. Last week, at the International Globe Conference in Vancouver, two of the companies presented their projects with CEC. The Globe conference is a large biennial, world-wide conference of business and environmental communities.

On information for decision-making, the CEC is working with atlas companies from the three countries to map hazardous environmental areas, including cross-border watersheds, ecosystems, and air pollution in North America. In trade and the environment, renewable energy has six projects that are underway. The 10 (6) working group, from the three countries, is involved in CEC trade and environment issues. The CEC Secretariat has initiated a two-year work project on Article 13 concerning green buildings in North America. Large buildings account for a huge proportion of water and electricity usage in the three countries. An advisory group is being assembled—the Canadian groups have been secured and the U.S. and Mexican groups are in process. *Mr. Wright* closed by stating that the budget funds are now available for 2006, but the resolution authorizing the funds needs to be signed.

Questions and Comments

Dolores Wesson: It is important to document the accomplishments of the organization over time. Is there a methodical review of each CEC project for results, because there have been many accomplishments over time?

Mr. Wright: The 10-Year Report did state CEC successes, issues, and challenges. A four-year review and internally-produced documents for the Communications group indicated progress over 10 years. On a project basis those who are involved see the benefits, but these results need to be communicated to the public. The development of the strategic plan needs to be supplemented by a statement of what it envisages in long-term results.

Sarah Lile: During the new member orientation yesterday, one member said in talking to

people about CEC, the response was: "What is that?" CEC needs to communicate better to the U.S. public given the public debate on the importance of the effect of trade on the environment. Where can people find reports and booklets on CEC and its projects?

Mr. Wright: CEC uses high-profile events to promote CEC's work. For example, the Watersheds Basin report was distributed at the World Water Forum. CEC has a website in which all of the publications are listed, and projects are announced on an Internet ListServe. CEC is involved in multiple projects, some with narrow constituencies; the challenge is how to have a broader appeal. CEC would welcome ideas about how to promote its work.

Karen Chapman: Do you have a marketing budget? How can the funds for communication be increased?

Mr. Wright: We have a communications budget. The three countries have to agree on the overall program and the Council determines what the CEC should do.

Chantal Line Carpenter: In the 10(6) strategy plan one of the activities is to exchange information on trade and environment issues. Canada and the U.S. have agreed to exchange information on environmental assessments, but Mexico has not agreed to this. One project is an environmental assessment of NAFTA.

Dolores Wesson: Is there a current document on quality assurance?

Mr. Wright: The number of copies is limited, but *Mr. Clifford* could make copies available to the committee members.

Dolores Wesson: The pie chart on Page 2 of the operational plan is related to treaty obligations and Articles 13, 14, and 15, which are fundamental to the CEC, but the budget is very small for these activities. What mechanism is used to decide on budget apportionment?

Mr. Wright: The CEC sends a draft budget and the program plan to the Parties and they decide on projects and budget apportionment. Work projects receive the largest share of the budget. The portions assigned to Article 13, 14, and 15 are based on cost estimates. The cost of communications is premised on historic costs and forecast of the need for global communication. The budget for administration and finance are fixed costs.

Robert Scott: Have you looked at national organizations, such as international and trade organizations, and getting on their conference agendas?

Mr. Wright: CEC is very adept at partnering with people and participating in other organizations' events. Any ideas on further partnering would be helpful.

Ellen Smyth: Should the CEC be an organization with our own dues and have other ways to obtain funding?

Mr. Wright: CEC does not spend a major amount of time on fund-raising, but some funds are received from other organizations, such as the World Bank and the United Nations Environmental Programme (UNEP), to assist in indicator development. Partnering is essential to increase resources.

Jerry Clifford commented on how to make CEC work more relevant in the U.S. by working with the private sector that is doing business in Mexico, for example, on greening the supply chain. Those businesses who are exporting goods to Mexico and Canada could benefit from

CEC work that would help their businesses and the environment, such as recycling. In the U.S., NAC-GAC members could get involved in Border 2012 issues, attend regional meetings, promote CEC, and advance Canadian border activities similar to those in Mexico. In the sister-state program with Mexico, EPA is launching state-to-state partnerships between the U.S. and Mexico. For example, Texas has helped Chihuahua increase its environmental capacity, and Wisconsin is helping the state of Chiapas in Mexico with a forestry program. All of the NAC-GAC members could find opportunities to raise the profile of CEC in their own networks.

Chris Wold: How can CEC seek external funds? Is approval from the Council needed for projects not in the operational plan?

Mr. Wright: It depends on the project. If the contribution is \$25,000 or more, such as the World Bank project, then the Parties need to approve of the funding. CEC tries to associate with partners on projects, rather than to raise funds externally.

Ms. Wesson: Is advice on the quality assurance and the operational plan needed by next Wednesday?

Jerry Clifford: It would be useful to review the document on quality assurance and publications and provide us advice as soon as possible on this year's operational plan.

Charles Collette: Would advice be helpful if a document was reviewed in the draft stage?

Mr. Clifford: Yes, advice would be helpful even if the document is not final.

Peer Review Models

Susan Roberts, Ph.D., Director, Ocean Studies Board, National Academy of Sciences (NAS)

Chair Wesson stated the reasons for hearing from *Dr. Susan Roberts* of the National Academy of Science on Peer Review Models was because the work of the NAS is scientific, of the highest standards, has policy implications, and deals with controversial issues very successfully. *Dr. Roberts* described the organization of the Academy, its membership, the report process, the purpose of peer review, and the National Research Council's (NRC) review criteria and process. The NAS is chartered by Congress, but is not a government organization, which allows reviewers to make independent decisions. The NRC is the operating arm of the Academy that oversees all of the boards. The NAS is an honorary organization that oversees all of the activities of the NRC. People come to them to help set a policy on the basis of science on controversial issues, such as genetically-modified plants, stem cell research, endangered species, and restoration of coastal Louisiana.

The NRC report process starts with requests from federal agencies, Congress, and a few foundations. In addition to NAS/NRC independent status, they are sought out because they can provide a balanced viewpoint, be critical of agencies, operate by consensus, are objective, have freedom from financial considerations, minimize conflicts of interest, and are dedicated to peer review. All of these items increase the credibility of NAS.

The purpose of peer review is to ensure conformance to the standards set by the National Academies. Authors are assisted in making the report accurate and effective, and are provided with preliminary reactions from a diverse group of experts. Peer reviews enhance the clarity and credibility of the final document and help with ensuring that reports are understandable to the public and Congress. Each activity is conducted by a group of volunteer experts selected for the specific task.

The NRC review process includes an endorsement by the Office of Management and Budget; therefore, no second level review is needed for agency decision-making. Oversight comes from the NAS, National Academy of Engineering (NAE), and the Institute of Medicine (IOM). NRC reviewers are independent experts. They are excluded if there is conflict of interest. Reviewers receive the complete report, a statement of tasks, and instructions. Peer reviewers are anonymous until the report is published. The report is not released until the NRC monitors, report reviewers and authors reach agreement on the final document.

The review criteria include a clear statement of the charge; conclusions that are supported by other analysis and argument; appropriate data, analysis, and statistical methods; and whether the report is presented in a clear and logical format. Items related to policy are fairness, inclusion of the policy pros and cons, and reporting of alternative points of view. Special pleading is not supported. The summary needs to accurately reflect the substance of the report. Products are disseminated by publication and electronically. Report briefs are written so that the main findings are reported in a non-technical language. *Dr. Roberts* concluded by mentioning a recent international study of the sustainable use of oceans.

Questions and Comments

Aldo Morell: Are summary briefs peer-reviewed?

Dr. Roberts: Summary briefs are not written by the authors.

Irasema Coronado: Are there international reviewers?

Dr. Roberts: That would depend on the report; some reports may be specific to the U.S., but could still have international reviewers.

Robert Scott: Given the differences on climate change, is there a minority report?

Dr. Roberts: If there is disagreement, then a minority report could be included in the final document.

Chair Wesson: Could you comment on the process used in a joint report by the U.S. and Mexican academies?

Dr. Roberts: One review has been done jointly by the two academies. The final report was published in Spanish and English.

Chair Wesson: The CEC has a peer review process, but more credence might be given to reports if all three countries could achieve consensus on the reports. *Doug Wright* added that the CEC Secretariat has an array of product types, which receive different levels of review.

For example, Article 13 reports will get a high-end review similar to NAS reviews. *Chair Wesson* indicated that she would review the quality assurance report and the section on peer review.

Ad Hoc Group on Greening the Supply Chain

***Dennis Aigner, Ph.D., Dean, Donald Bren School of Environmental Science and Management, University of California, and member of NAC
Charles M. Auer, Director, EPA Office of Pollutions and Toxics***

Dennis Aigner, Ph.D., discussed 2004 Puebla Ministerial meeting that set goals for CEC for the next few years. The goals included capacity-building and involvement of the private sector. In April of 2005, the business members of NAC, representing Dupont, Motorola, and the U.S. Council on International Business met with a number of corporations to talk about what they were already doing to green the supply chain. No one from EPA attended that meeting. At the NAC-GAC meeting in October, 2005, EPA presented a proposal for how private engagement on greening the supply chain ought to proceed. At that meeting, it was decided to have a meeting in January, 2006, with CEC, EPA, and businesses already working on this problem.

The purpose of the January 2006 meeting was to see what CEC should do to further the proposal of greening the supply chain. Attendees also included the Mexico office of CEC, JPAC, the World Environment Council (WEC), the Global Environmental Management Initiative (GEMI), which consists of 42 corporate members covering 13 industrial sectors, and the Global E-Sustainability Initiative, all of whom were working on the supply chain efforts. WEC's focus is on small and medium-size businesses that make products in Mexico, using Mexican suppliers, to build capacity for promotion of environmental standards. GEMI is working with American multinationals in Mexico on pilot projects in the automobile industry and is measuring results in terms of improved environmental performance. They produce tools, such as educational advisories, to help companies improve safety and environmental health. Some tools relate to greening of the supply chain. The tools are effective and are used by the National Council for Science and the Environment. The Global E-Sustainability Initiative is working on the supply chain and developing tools and processes to improve the environment, particularly in the information technology industry.

At the January 2006 meeting, a number of recommendations were made to CEC to develop a proposal to work with 100 of the largest multinationals, building on the efforts of the three groups and CEC's efforts in Mexico with three pharmaceutical companies, Bristol-Meyers, Colgate Palmolive, and Jansen-Selig. CEC has convened meetings with the suppliers of these companies, developed tools, and has trained the companies. This effort was reported at the Globe Meeting in Vancouver last week. So the foundation for working on greening the supply chain is already laid.

Dr. Aigner said that he and *Rich Guimond* suggested that CEC meet in February 2006 with the largest multinationals working in Mexico, who use small and medium suppliers, to further the greening of the supply chain. This meeting with CEC and EPA did not occur.

The CEC's role is a facilitator to disseminate tools, to enable the Mexican program, and to create a certification and recognition program similar to the EPA program. The CEC has produced a proposal, but the EPA has not acted on it yet. EPA has produced its own proposal, but there appears to be a "disconnect" between the two agencies.

Dr. Aigner introduced **Charles M. Auer, Director, EPA Office of Pollution Prevention and Toxics (OPPT)**, who described the Office that has oversight of the Toxic Substances Control Act and is responsible for preventing chemical pollution, like lead, asbestos, and PCBs. OPPT promotes pollution prevention with states, tribes, and industries. EPA also operates a recognition program to reward U.S. companies committed to greening of the supply chain. In his presentation, *Charles Auer* focused on the concepts of greening the supply chain and the Green Suppliers Network Initiative (the Network).

The Network is an innovative partnership of medium and small manufacturers and suppliers with EPA and the Department of Commerce's National Institute of Standards and Technology. The Network's aim is to increase efficiency and reduce environmental pollution. The Network started with the auto industry and now includes aerospace, pharmaceutical, and office furniture businesses. The Green Suppliers have saved \$18 million dollars in annual costs and \$10 million in one-time costs. The increased return on investments was a major factor in gaining support for the effort.

The industries involved in the network have created an organization called Suppliers Partnership for the Environment (SP) to advance green supply chain work in the U.S. In economic value, the SP represents about 40% of the U.S. automotive market share and 40% of the automotive supply chain in economic value. EPA is proposing to extend the Green Suppliers Network and SP in a partnership with private and public organizations under CEC. Feedback from NAC-GAC on this proposal would be helpful. Several meetings will be held to develop concepts to present to the Council meeting in June, 2006. EPA will be meeting with the SP officials and with Mexican and Canadian officials in Windsor, Ontario at the end of April, 2006.

The Sound Management of Chemicals Group (SMOC) will be meeting in Windsor, Ontario at the same time. SMOC recognizes the importance of the Puebla Declaration in forming a basis for CEC's work and greening the supply chain work through Puebla lands. SMOC would also work with the supplier's partnership and their colleagues in Canada and Mexico. A concrete proposal to be discussed at the SMOC meeting in Windsor is a five-year pilot program that will include evaluation, lessons learned, and development of concepts to apply generally in North America. Briefly, SMOC has developed a Future Approach document to align their work with the Puebla Pillars. The document will be available for public comments next week.

Questions and Comments

Carola Serrato: Have you given any thought to taking an inventory of industries with the largest impact and approached them first?

Mr. Auer: The key is to have willing partners, e.g., equipment manufacturers who are already working on this and have engaged their supply chain. *Dennis Aigner* added that in NAC's advice to CEC, the automotive sector was identified as an important one to start with and also electronics, the telecom industry, and the computer industry. The EPA should also work with organizations which have already developed tools and approaches, such as the WEC. A number of Mexican business interests at the January meeting, including representatives of industrial enterprises, CONCAMIN and GEMI, made the point that without a requirement for suppliers to improve their environmental performance, incentives were needed. CONCAMIN could help suppliers with financing assessments and implementation of a program. *Mr. Auer* agreed that incentives were important to succeed in the greening the supply chain. If costs can be reduced by using green technology, companies will be more receptive to adaptation. The Suppliers Partnership allows companies to keep the savings made through use of green technology and apply the savings to further improve their performance.

Luis Troche, EPA Office of International Affairs, explained that after the January 5, 2006, meeting, the EPA did get a proposal from the Secretariat on the private sector strategy. EPA worked internally to develop a proposal on at least one of the sectors identified by NAC. They also contacted *Richard Guimond* and others to identify other opportunities, such as electronics. The EPA proposal is in a draft stage and has not been officially approved. EPA is working with the Secretariat and appreciates the work done on the CEC proposal. *Doug Wright* added that the EPA proposal for private sector involvement in greening the supply chain brings together the work of Dennis Aigner, the foundational work with Mexican suppliers, plus EPA experiences with green goods and services. The product can also provide a resource for increasing awareness about both EPA and CEC.

Aldo Morell: What is the time frame for the data and how long has the supplier network been at work?

Mr. Auer: The supplier network has been in operation since 2002, and the figures represent an annual total, not an accumulative one.

Mr. Morell: Incentives are very important. For example, Dupont has developed a high density paint that is favorable to the environment, but customers won't buy it because it is too expensive. Customers need to be encouraged to buy green products. Dupont can reduce emissions at plants, but the supply chain needs to be looked at to see where the products are being used. Dupont is focusing on sustainable growth in the development of products that protect the environment and build business. Products need to be developed that help auto manufacturers build more efficient cars.

Articles 14-15 Follow Up

John Knox, Ph.D. Law Professor, Dickenson Law School, Penn State University, presented his concerns about the lack of follow up of factual records related to Articles 14

and 15. The focus in the first four or five years was on submissions which were able to make it through the submissions procedure. Around 2000, the attention shifted to the fact that the Council might not let the Secretariat prepare factual records. The Joint Public Advisory Council (JPAC) was given a role in overseeing issues regarding the submissions procedure. The next focus was on what the role and standards of the Council should be in approving factual records submitted by the Secretariat. Nearly all of the proposed factual records have been approved.

Dr. Knox focused on three concerns. The first concern of NAC-GAC and JPAC is that the Council has tried to narrow the scope of the factual records. The second concern is the delay of factual records. No decision has been made on two records that have been pending for one year—the Lake Chapala in Mexico and the Quebec auto emissions which were submitted in May of 2005. The last concern is the delay in publishing the factual records. The last submission was approved in July, 2005, and not published until December 2005.

The NAC and GAC should make clear the importance of follow up for all the factual records that have been submitted. Follow up of records is important because costs and benefits and other effects need to be assessed, engagement of those involved could be increased, and improvements and further recommendations could ensue. The question then becomes who should do the follow up and how to make a procedure for follow up. First, each individual government could follow up, because they have the resources and responsibilities, but often they do not want to admit they did anything wrong. Second, the environmental organizations could do follow up, but they may not have the resources. The third outside source is academia, which would be objective, but lacks funds to bring people together.

Three inside possibilities for follow up include the Council, the Secretariat, and JPAC. A working group could be set up by the Council—the CEC Enforcement Group was recommended by NAC previously and supported by the U.S., but Mexico and Canada were not enthusiastic. The Secretariat is not mandated to do this, but can only prepare the records. JPAC clearly has the mandate to provide advice to the Council and to facilitate engagement of other Parties; however, JPAC has limited time, resources, money, and expertise.

The CEC has a problem with submissions that accuse countries of failing to use their own laws. However, EPA has been supportive of follow up of factual records. NAC and GAC should monitor follow up, as appropriate. Another problem is the disparity in the nature of submissions. Of the 52 submissions, only 9 have been against the U.S. In the last few years, out of 26, there has been only one submission against the U.S. The last one was on the effect of logging on migratory birds, and this was narrowed to the effect on six types of birds. EPA needs to convince the Council to approve factual records without narrowing them, because the U.S. should be the model of how a country could accept a record without narrowing it. If the U.S. does not do this, then Canada and Mexico will think that no records can be directed towards the U.S.

Questions and Comments

Chair Wesson: Do you have a personal view on Transboundary Environmental Impacts in section of 10 (7)?

John Knox responded that 10 (7) includes three mandates to CEC all about transboundary harm. The mandate to get the Council to approve an agreement on Transboundary Environmental Impact Assessments (TEIA) did not succeed. The Council did issue a recommendation, but Mexico and the U.S. disagreed. It was agreed as part of the Security and Prosperity Partnership, that the TEIA talks should resume, but not under CEC auspices. The negotiation of a new binding international treaty of this nature is always going to have to take place between the three governments. The NAC and GAC position in the past was not that any specific provisions should be included, but that it should be negotiated.

Chair Dos Santos: Should we wait for the next Mexican administration to deal with an agreement on TEIA?

Mr. Knox: If the negotiation were handled right, the treaty would be non-controversial and to the benefit of all countries. Any agreement would be better than not having one.

Karen Chapman: On factual records, aren't there recommendations for each country?

Mr. Knox: Factual records just present the facts, but do not make recommendations; however, other groups could make recommendations.

Chris Wold commented that he was in favor of supporting the recommendations of the Secretariat in Coal-Fired Power Plant submission. With respect to follow up, Sierra Legal of Canada has submitted a petition to Attorney General of Canada seeking information on how Canada has responded to factual records and the North American Agreement on Environmental Cooperation (NAAEC). In the U.S., freedom-of-information activists have asked how the U.S. has responded to the factual records on migratory birds.

Rafael DeLeon presented a plaque to *John Knox* and a letter of recognition for distinguished service to the Commission on Environmental Cooperation as Chair of NAC. *Chair Wesson* thanked him for long hours of commitment and his inspirational service and presented Mr. Knox with a book titled: *EARTH from Above*.

Afternoon Session

(1:04 p.m.)

II. Renewable Energy and Climate Adaptations in North America

Placido Dos Santos, Chair, GAC, opened the afternoon session by explaining that the afternoon session would be on the substantive work of the CEC, rather than administration. The subject was renewable energy and climate variability in North America, however, any NAC-GAC action should focus on renewable energy, as recommended by *Jerry Clifford*. *Chair dos Santos* introduced the first speaker, ***Michael MacCracken, Chief Scientist, The Climate Industry***, who would speak on climate variability in North America. (Copies of all of the afternoon presentations were provided in members' packets.)

Climate Variability in North America

Michael MacCracken, Ph.D., Chief Scientist, The Climate Industry, described his background in climate modeling and in assessment of climate variability. Dr. MacCracken used an extensive series of slides to indicate climate changes past, present, and future. Fossil fuels, mostly coal and natural gas, provide 80 percent of the world's energy, and emit CO₂ and other greenhouse gases. Climate change is divided into three parts: the science of climate change, the consequences, and choices for action. His presentation would focus on the first and second parts.

The Science of Climate Change

Understanding and projecting change is a difficult technological problem. What happens in the future depends on human behavior, biosphere changes, and technology, but uncertainty of risk is a given. This report is based on national and international assessments. In the late 1980's, the world governments decided to form the Intergovernmental Panel on Climate Change under the United Nations to establish uniformity of information. The 180-member Panel asked scientists to make assessments of climate change. The unanimously accepted scientific chapters of the final report had six key items:

Human activities are changing atmospheric conditions and raising the level of CO₂.

The enhanced greenhouse effect will lead to global warming.

Changes are already evident.

Future warming is projected to be greater.

The environment and society will both be impacted.

Slowing the change will require substantive early actions, and payoffs will come after several generations even after moving away from fossil fuels.

In 1992, a Framework on Climate Change, an international agreement, was signed by many nations, including the U.S., that would require a substantial moving away from fossil fuels.

Dr. MacCracken provided statistics on the CO₂ emissions per year which now exceed 6.5 GIC tons of carbon from fossil fuel emissions or about one ton per person. Emissions vary from country to country, but the U.S., Europe, and China account for the largest portions. Some of the other scientific findings include:

In the last 1000 years an indicator on the top of Mauna Loa in Hawaii showed seven million tons of carbon emissions annually, and that the greening of North America is the same as total emissions. The biosphere and the ocean remove some of emissions. CO₂, methane, and nitrous oxide all increased sharply.

About 50 percent of the sun's energy is deflected by the clouds. Energy radiates back and forth from the earth which results in the greenhouse effect.

Most areas of the earth and the ocean have warmed during the late 20th century. CO₂ builds up and has a long-life time. Sulfur dioxide is short-lived and comes down as acid rain.

Over 1000 years of human activity, the climate is changing, the earth and ocean warming, sea levels are rising, and species distribution has shifted due to warming.

To determine the future, only climate model simulations can be used to project the likely changes in the environment. In the future, the increase of global population and the use of fossil fuels are projected to increase average carbon emissions to six billion tons, about five from the developed world and one from the developing countries which could increase to two tons of carbon by the end of century. These figures could be modified by technological advances and international action. Global climate warming will result from these emissions by an average of three degrees Celsius by 2100.

Consequences

Global warming would cause a wide array of potential impacts as follows:

Agriculture, weeds, and forestry will grow better, if it rains enough.

The water supply would be affected by precipitation changes and a decrease in the snow pack in many areas.

Coastal areas would be affected by a rise in sea levels due to melting of arctic ice and increased precipitation.

Storms could be more severe.

Native people would need to move to find food.

International effects include opening up of the arctic shipping lanes and conflicts over fishing rights and arctic sovereignty.

A National Assessment Report Overview from regional workshops in 1997-98 showed the potential impacts meriting further assessments by region. The world is interconnected so we have to look at couplings with other countries. The U.S. shares the environment with Canada and Mexico at the border areas. The increase in CO₂ would have other consequences including increased agricultural growth, increased farm subsidies, increased ocean acidity, destruction of coral reefs, and enhancement of El Nino effects.

Ecosystem changes will affect plants, wildlife, tree types, fire hazards, and migrating species. Precipitation changes would affect regions differently, some would get more and dry areas might get less. There could be more 100-year-type storms, and a storm surge could be devastating to major cities, such as New York, as well as to the coastal areas in the U.S., Mexico, and Canada. *Dr. MacCracken* closed his presentation by posing the challenge to the NAC-GAC members that the reaction to these uncertainties of warming and climate change could be proactive or reactive.

Overview of CEC Work on the Environment and Renewable Energy (RE)

Chantal Line Carpentier, Ph.D., Head of Environment and Trade, CEC Secretariat

Dr. Carpentier was introduced by *Doug Wright*, as having managed all of the trade and environment projects for CEC including the Article 13 report on maize, the assessment of trade and environment impacts for North America, and renewable energy and the

environment. *Dr. Carpentier* used a series of slides entitled “Towards a North American Renewable Energy Market,” that included the background and benefits of renewable energy, and the history, structure, and present CEC activities on RE.

The benefits of RE include increased reliability of the electric grid and prices, diversification of energy sources, and reductions in air pollution and greenhouse gases (GHG). The North American RE market faces a lot of obstacles, but the CEC believes that trilateral cooperation would help to address informational and transactional barriers that add to costs. The RE project falls into the green product trade area by promoting the idea that trade can be good for the Americas, if it focuses on energy efficiency and greening the supply chain. A new CEC project is called “Harnessing Market Forces for Sustainability.”

CEC work on RE started in 2000 by looking at the variability in standards and definitions and continued with the 2002 Article 13 Report to look at the environmental effect of deregulation of electricity in North America. CEC reviewed the planned projects for electricity generation in North America. Each agency that controls electricity in each country had received a 50 percent increase in requests for new capacity. This new capacity would increase the emissions of CO₂, sulfur dioxide, and nitrous oxide.

In 2002, the Council agreed to continue the Secretariat’s work on RE including the environmental aspects, public awareness, consistency of databases, new technology, and promotion of energy efficiency. The focus would be on increasing the pool of renewable energy and decreasing the impact of the increased demand. Also, a North American Air Working Group was created for the Council.

Renewable energy activities since 2000 included developing information products, such as interactive maps of existing and planned RE projects like solar wind, developing databases, mapping RE resources, and documenting air pollution. Other activities were quantifying avoided emissions and analyzing barriers and opportunities in trade agreements, such as NAFTA, and reviewing legal and policy measures. Case studies of successful financing of small products were documented. A survey of 100 large electricity consumers found that over 90 percent want to purchase electricity from renewable sources in Mexico. A White Paper will be written documenting programs and activities that will foster RE sources in North America and will include recommendations for the Council.

Trade and environment activities under the purview of the NAAEC Article 10 (6) Working Group included looking at trade and environment issues related to NAFTA. However, the Ten-Year Review and Assessment Committee reported that these activities remained unexplored. In June 2005, CEC developed a Strategic Plan on Trade and Environment. Following the Puebla Declaration, and under the Strategic Plan, the focus would be on RE, an environmental assessment of NAFTA, green purchasing, etc. A Renewable Energy Expert Committee (REEC) was created to guide CEC’s work on promoting a NA market for RE. The goal of the REEC is to address the informational and transactional barriers and to assist policymakers to implement policies to promote renewable energy.

Dr. Chantal reviewed the past 2006 RE activities and adding two new ones: facilitate the

integration of RE resources in the grid, and evaluate project results and effectiveness. Complementary activities include the CEC Green Purchasing Initiative, the Central American Free Trade Agreement, the North American Energy Working Group, and the North American Security and Prosperity Partnership Energy Working Group to work on air and energy issues.

U.S. Strategies on Energy and Environment

Tom Kerr, LL.M, J.D., Branch Chief, Office of Air and Radiation, EPA

Chair Dos Santos introduced *Dr. Kerr*, who has worked with a variety of voluntary climate change programs with industry, including partnerships that encourage major companies to set greenhouse gas (GHG) reduction targets. *Dr. Kerr* discussed the number of developments related to climate change and clean energy on the national, state, and local levels, with NGOs, the financial community and corporations. Clean energy is defined as energy efficiency, renewable energy, and clean distributed generation.

On the national level, the 2002 U.S. President's Climate Change Strategy included advancement of science and technology; international engagement with partners, such as China, India, and Japan; and challenges to U.S. business to reduce their greenhouse gas emissions by 18 percent by 2012. Federal legislation includes the Cap & Trade Bills and the Energy Policy Act which has incentives for energy technologies.

Dr. Kerr briefly noted the regional, state and local levels clean energy efforts, such as the Northeast Regional Greenhouse Gas Initiative, the West Coast Governors' Global Warming Initiative, and adoption of California's auto emissions standards. NGO programs include the PEW Business Environmental Leadership Council and the Chicago Climate Exchange which is a private partnership of companies that want to reduce GHG. The media is also paying more attention to this issue. For example, Business Week and Time had articles on clean energy and the Business Week website covers several aspects of clean energy and emissions in other countries.

Financial community developments include climate-related shareholder resolutions asking for information on risks associated with companies' activities. Corporations are assessing climate risk, the impact of costs, and insurance implications. Corporations are doing inventories and setting GHG targets—85 major companies have now set GHG targets. Corporations are engaging stakeholders and are talking about clean energy. For example, Cinergy's Annual Report discussed the problem. Other companies such as General Electric, Goldman-Sachs, and Ford are discussing climate change and sustainability.

EPA's role involves the National GHG Inventory and voluntary programs such as Energy Star, energy management in buildings, methane programs, and the State Clean Energy Partnership. EPA developed a protocol to help industries do an inventory of GHG, a tool for measuring electric energy usage in buildings, and a benchmark for the Green Power Partnership. Technical assistance is provided on how to use the tools. Public recognition is

given to companies that develop clean energy programs. The websites for some of these programs are www.epa.gov/climateleaders; www.energystar.gov; and www.epa.gov/cleanenergy.

State Initiatives on Renewable Energy and Environment

Thomas Peterson, Ph.D., Executive Director, Center for Climate Strategies

Dr. Peterson used a series of slides to describe the Center for Climate Strategies, (CCS) greenhouse gas (GHG) issues, and state policy initiatives on renewable energy and the environment. The CCS is a nonprofit policy development group that assists state officials with the development of climate change policies and plans. CCS has multiple levels of technical and policy expertise including: climate, energy, transportation, and natural resources issues.

GHG includes CO₂, and CH₄, N₂O, HFC's, PFC's, and black carbon, but CO₂ is 80 percent of the total. The average global temperature has been affected far more by human activities than natural causes. A chart of high and low GHG scenarios showed the parallel relationship between CO₂ and global warming into the 21st century, which could be lowered with stabilization. In the state of Maine, a chart of emissions indicates a large gap between the projected emissions and a target level, if no actions are taken to close the gap. The U.S. states are 34 of the top 50 GHG emitters world-wide.

Twelve states have set goals and are developing plans to reduce emissions. States that have taken action have made progress in closing the gap. States with very high GHG growth rates since 1990 include Arizona, North Carolina, and New Mexico. Data from Kyoto show that GHG targets for 2008-12 and levels of effort vary between countries. Countries have common, but differentiated goals.

State GHG actions include the following:

Inventories and forecasts include 38 states' inventories and one major project by the Western Regional Air Partnership to forecast for all of the Western States.
Policies and mechanisms—states have undertaken close to 300 projects to reduce emissions
Comprehensive plans
Statewide goals and targets
Reporting systems
Regional agreements—Arizona and New Mexico formed a Southwest Climate Initiative, and also have an agreement with Sonora, Mexico.

The reasons for taking action are coincidence, co-benefits, political and economic self-interest, and a desire to shape policy and influence markets. Reasons for deciding to act include the potential costs of inaction and the availability of templates including self-determination and consensus-building. The selection of actions is based on reference case forecasts, policy options, and the inclusion of stakeholders in decision-making. All sectors

have been included in finding solutions, and programs are very diverse with both voluntary and mandatory programs. The typical state plan involves about 50 different combined actions, which is similar to countries that have complied with the Kyoto protocol.

The important action is to adopt recommendations to take steps to reduce emissions. The key actions include transportation, energy production, residential, industrial, agricultural, forestry protection, and waste management. In summary, state trends focus on benefits, explicit discussion of GHG, standardization and customization, learning from other state actions, conflict resolution, and improvements in quantification techniques. Economic analysis and benefits are the most critical factors in taking action.

Climate Variability: Some Alaska Experiences

John Duffy Borough, Manager, Matanuska-Susitna Borough, Palmer Alaska, described the economy of Alaska, the border issues, changing environmental conditions, economic aspects of changes, and the need for action. Alaska's economy consists of oil, fishing, mining, tourism, and a large air cargo center. The border issues include raw sewage discharges, mining run-off, loss of the salmon run, and indirect immigration. The major trading partners include Taiwan, Japan, Korea, and Canada.

Changing environmental conditions include higher temperatures causing ice melt, wildfires, storms, erosion, new insects and plants. Ice melts effect river erosion and causes movement of residential structures. There is no federal funding to help alleviate these problems. The spruce forest is being devastated by the spruce beetle, which used to lay eggs in spruce bark in 70 degree temperatures two times a year, but now lays eggs year round because the temperatures are warmer. The Kenai National Wildlife Refuge is drying significantly and wetlands have decreased by 88 percent. Alaska shorelines are being destroyed by huge storms. The number of wildfires has increased and these fires cover the area with smoke which affects the tourist industry. Glacial retreat is accelerating—Alaskan glaciers have lost about 450 km in the last 40 years.

Alaska is changing much faster, than the lower 48 states. Over the past 40 years, temperatures in Alaska have increased 4-5 degrees Fahrenheit overall, while worldwide temperatures have increased 1 degree. The economic costs include loss of salmon stocks, increased cost of oil development, harm to animal feeding patterns, reduced tourism, higher infrastructure costs, and loss of the native subsistence lifestyle. Natives cannot get to whales because of the loss of sea ice. Cap and Trade regulation of SO₂ has resulted in SO₂ emission reductions of 6.5 million tons since 1980. *Mr. Duffy* believes that if positive actions are taken, it would be possible to reverse some of the environmental damage.

Question and Comment Session for Afternoon Presenters on Climate Change and Renewable Energy

Karen Chapman: (For *Thomas Peterson*) What is the status of the Department of Transportation ruling related to fuel efficiency standards and state actions on SUVs?

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Thomas Peterson: Discussions underway in states about reducing emission have reached consensus that something needs to be done. The biggest live issue is the California adoption of emission standards and the possibility that benchmarks can be achieved.

Karen Chapman added that she was supportive of the work on renewable energy, but she thought that the NAC-GAC should focus their comments on advice to state governments because they will have a big impact on global warming. The emphasis could be on Cap and Trade programs, where carbon sequestration would work best, and on existing emissions.

Irasema Coronado: Is there collaboration with Mario Molina and other scientists doing research work in Mexico City on global warming? *Ms. Coronado* thought there was a “disconnect” between work being done in different countries.

Chantal Carpentier responded that for the CEC working groups, each country chose their own scientists. *Mr. McCracken* commented that there is an extensive link in the Western Hemisphere Treaty Organization in which research groups collaborate.

Ms. Coronado added she would like to see more materials to inform citizens about what they can do to reduce emissions in their community and state.

Chris Wold: The argument for not reducing emissions is that the costs are too high and rules would damage the economy. What are we learning at the state level in terms of costs?

Dr. Peterson: The actual experience of states is that emission-reduction activities actually save money, particularly in energy efficiency. Costs are lower than predicted and benefits are higher. The key reason is that stakeholders are sensitive to costs and look for alternatives.

Mr. Wold: Would these savings continue if states met the proposed reduction of greenhouse gas emissions by 2012?

Dr. Peterson: The state targets are similar to Kyoto, but states are looking beyond to 2020. It is too soon to look backward at the actual reductions of costs and benefits. With the high energy costs, it is in the best interests of the states and businesses to look for alternatives.

Dr. MacCracken added that California’s per capita electricity use is one-half the rest of the nation, which is a huge savings for families. New York is spending \$50 million dollars on energy and is working on renewable energy to save costs.

Dennis Aigner commented that the U.S. President’s goal of 18 percent reduction of energy intensity over the next 10 years is exactly what was achieved in the previous 10 years.

Aldo Morell: (for Chantal) What kinds of renewable energy are you considering?

Ms. Chantal: All types, including wind, biomass, ocean waves, geothermal, etc.

Charles Collette commented that he had not heard any mention of hydrogen as a source of energy. Florida has started to develop hydrogen, because the only end product is water.

Dr. MacCracken said that several states are looking at this, but hydrogen is not a source of energy, because it has to be made. Gasification of coal is also being studied. Coal and oil shale are also sources of liquid fuel.

Robert Scott: New Hampshire is looking at energy efficiency in government buildings because the state is the largest energy user. Is there a Federal program? Could this be a

recommendation for the governmental of all three countries?

Dr. MacCracken: Seventy percent of the energy used by the Federal government is by the Department of Defense. DOD is looking at energy savings in the movement of troops and in military buildings. In 1992-3, The National Academy reported that energy could be reduced in the U.S. by 30 percent with existing technology. Cheap energy is actually a barrier to reducing energy costs.

Ellen Smyth: Are nuclear power and burning garbage to produce power in the plan?

Dr. Peterson: States are discussing nuclear power, especially in Arizona, New Mexico, and North Carolina. The potential costs and savings are being reviewed. Waste recovery is a big issue. Combustible solid waste is difficult because of the costs. Biomass conversion technology has accelerated. These technologies need to be studied in terms of costs and GHG reductions.

Glenn Prickett: Should these policies be made at the state level? If there is national policy, should it national in scope or allow for state flexibility?

Dr. Peterson: Most U.S. laws develop from state precedence. For example, North Carolina's study about reducing sulfur levels was introduced into the Congress and later the program was adopted by EPA. The variation in authority between state and Federal authority needs to be recognized, but national efforts should support state efforts and establish standards. The Clean Air Act allows states to pass laws that support Federal legislation and state actions can be incorporated into EPA regulations.

John Duffy: (for *MacCracken*) What needs to be done in terms of time frames to reverse or slow down the predictions of climate and environmental change?

Dr. MacCracken: If the average level of one ton of carbon per person continued, it would double the concentration of CO₂ over the century. Developing countries would need to reduce carbon usage by five times to keep the level constant. A 50 percent reduction of GHG in 50 years is needed. The real challenge is that the U.S. population is increasing by one percent. The Kyoto protocol does not account for population increases due to immigration, so the reduction of per capita emissions for the U.S. population is closer to 30 percent. Governor Schwarzenegger has set goals which would reduce emissions and produce an economic benefit. Renewable energy is one option and possibly nuclear energy.

Chair dos Santos: Given the world-wide economic couplings and sharing of resources, what information is available to determine the economic impacts on North America, such as those that *John Duffy* talked about in Alaska?

Dr. MacCracken: Not many studies have been done, but because we are in a global economy, what happens in the rest of the world affects the U.S. A drought in Indonesia a few years ago caused layoffs on Wall Street in New York City. Hurricane damage to the citrus groves in Florida caused the loss of their market to other countries. Canada has done an assessment of what impacts around world would mean to Canadian trade.

Dr. Peterson: An EPA study of states which have decreased emissions showed that those who have acted to reduce carbon levels have improved economically more than states who have not reduced emissions. In the 1990's, a U.S. Senate study of the economic effects of environmental reforms showed that the effects were neutral or positive for competition.

States which have done macroeconomic studies also have shown no negative effects. Cost-benefit analyses have not been done.

Chair Wesson reminded members that the NAC-GAC purpose is to work within the framework of the CEC, and since climate warming is not on the CEC agenda, we cannot make recommendations at this time. The Committees should keep looking at this important issue over time. The EPA Renewable Energy program costs less than \$300,000, but is significant and could be implemented in all of North America.

Dr. MacCracken added that Canada supplied hydropower to the U.S. and wants to count that against its Kyoto goals. Energy trades between countries could have impacts on migrating species and water resources. Another issue is how to build energy networks, so that land with renewable energy potential, such as Indian reservation lands, could share RE.

Dr. Carpentier responded to the question about recovery of waste by stating that CEC's next white paper would be on biomass, [*transport fuel??*], and renewable sources. The renewable energy certificate could be used without being connected to the grid as it can be sold to somebody else. *Aldo Morell* said that Dupont had a goal of obtaining 10 percent of their energy from green energy, but could not find enough green certificates to meet the goal; however, landfill gas is cheap and available.

Chair Wesson thanked the speakers, reminded members that tomorrow the Committees would draft letters of advice, and invited the CEC/EPA presenters to assist if possible. *Dr. Peterson* added that if they wanted more information about state energy-related actions, he would be glad to assist.

Public Comments

Ms. Wesson introduced ***Teresa Niedda, of the Farmworker Health and Safety Institute***, in New Jersey, a non-profit organization of three communities of farm workers. *Ms. Niedda* said that members are trained to train other farm workers in environmental education. Many of the workers are non-English-speaking people who don't have access to the Internet and need different types of information that is more oral and at a lower level of literacy. *Ms. Niedda* asked if CEC was planning to involve indigenous people in their decision-making.

Doug Wright noted that JPAC has been asking about this for sometime. In 2004, EPA allocated \$100,000 to do special projects with indigenous people related to agriculture and water resources. JPAC recommended that the CEC employ an indigenous person on their staff and CEC has made an offer to a native woman who is an environmental lawyer. In the future, JPAC suggested using a model trade and environment symposia for indigenous people from all three countries.

Ms. Niedda stated that it was disconcerting to learn that CEC would take action on renewable energy, but not on climate change. What happens if the NAC-GAC wants to go in a different direction? What happens if NAC-GAC counterparts in Canada and Mexico want

to discuss issues but their governments do not? Is GAC under more pressure to follow the CEC direction than for NAC?

Chair dos Santos responded that the U.S. NAC-GAC does not have direct interaction with their counterparts in Canada and Mexico, because their responsibility is to advise their own countries. The JPAC usually attends NAC-GAC meetings, and vice versa, and the committees report to each other. The committees and EPA jointly develop meeting agendas. The discussion of climate variability and RE at this meeting was a result of a joint discussion. *Chair dos Santos* opinion is that if the committees want to provide their own government advice on a controversial topic, they should be able to do it, provided there is consensus.

Mark Joyce added that controversial issues may be subject to intense negotiations in other forums, so often it is a matter of timing. *Chair dos Santos* added that NAC and GAC could develop separate advice even if it is different since they operate by consensus. *Ms. Mazouk* noted that it depends on how advice comes to the U.S. It is important to focus on issues that are most useful and require feasible responses. *Charles Collette* added that as one of the senior members, he had never felt pressured by EPA/CEC on what advice should be. EPA/CEC has asked for advice on specific topics and this should have priority.

Jeffrey Wennberg stated that both NAC and GAC had members who were involved in approving climate action and greenhouse action plans. He felt no constraints from the Vermont Department of Environmental Conservation. While NAC-GAC can't make specific recommendations at this time, there is no problem in learning about and discussing the issues. *Ms. Mazouk* responded that Mr. Clifford's instruction about focusing on renewable energy as opposed to climate change stems from developing the CEC strategic plan that focuses on three pillars, which should serve as a guide the Committees advice.

Adjournment: *Chair dos Santos* closed the sessions by thanking the speakers for their advice. The meeting adjourned at **5:45 p.m.**

NAC-GAC Joint Meeting

Friday, April 7, 2006

(9:00 a.m.)

III Business Meeting

NAC Members Present: *Chair Delores Wesson, Dennis Aigner, Karen Chapman, Irasema, Coronado, Aldo Morell, Carlos Perez, Glen Prickett, Chris Wold.*

GAC Members Present: *Chair Placido Dos Santos, Charles Collette, John Duffy, Ronald Dutton, Lisa Gover, Sarah Lile, Robert Scott, Carola Serrato, Ellen Smyth, Colin Soto, Jeffrey Wennberg*

EPA, CEC Staff Present: *Oscar Carrillo, DFO, Evonne Mazouk and Doug Wright, CEC*

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Approval of San Diego Meeting Minutes

Oscar Carrillo, DFO, welcomed members to the joint business meeting and reviewed the items for further discussion from yesterday's meeting on the operational plan, the quality assurance framework, the private sector initiative, and greening the supply chain in advice to *Jerry Clifford*. The next meeting will be in El Paso, Texas on October 19 and 20, 2006. Local officials will help with logistics. The El Paso border office will assist us in planning the meeting. One field trip will most likely be to the maquiladoras in Mexico. He noted the importance of yesterday's presentations on peer review and climate.

Chair Dos Santos complemented Audio Associates on the excellent minutes. He suggested sending minor corrections to *Oscar Carrillo* by email. Hearing no objections, the minutes were approved unanimously. The minutes will be posted on the website. *Chair dos Santos* noted that by receiving the minutes of the separate NAC meeting, he was able to see the differences in the two meetings. He told the members that he had made a request to *Jerry Clifford, CEC*, that they get specific comments back from their advice letters. *Karen Chapman* asked to get the minutes shortly after they are completed and also to get information on other meetings or important events via email or on the website.

Evonne Mazouk, CEC Liaison, said that CEC responses to advice letters is a deliberate process involving an interagency group and they try to be as thorough, responsive, and specific as possible, but she will advise the administration of the request to be more specific. CEC does not want to provide plans to the group until the items are completed, because then the advice might relate to items that are later changed. CEC can provide updates and the website has every resolution, publication, summary records, meeting dates, and so on. *Chair dos Santos* asked members to complete the evaluation forms and make suggestions about the agenda, group process or operations.

Chair Wesson asked members to address questions to *Doug Wright, CEC*, at this time that relate to advice letters. *Karen Chapman* wanted to know how the delay in the signing of the budget resolution affected the committees' work. *Doug Wright* answered that normally the Council will sign the budget resolution in June that commits to funding of CEC for the following year, but this has not been done for 2006. Canada has signed the resolution and Mexico will do so at their next meeting. Mexico has met their past funds deficit and has forwarded funds for 2006. CEC is operating on temporary funds from previous years, because CEC cannot use the funds for 2006 until the budget resolution has been signed.

Carlos Perez asked if there was any agreement within CEC for administrative procedures, quality assurance processes, and election of a chairman. *Doug Wright* answered that for the election of a director process was previously a search and interviews, but there was no established process. For financial processes, such as accounting practices and auditing, CEC uses standard processes. The Council meets and approves resolutions and records are kept of all meetings. The Alt. Rep. meets regularly and summary records are kept. The Alt. Reps. are represented by the General Standing Committee, who meet often, have conference calls, and provide advice.

Karen Chapman asked if the monetary delay had affected the program work. *Doug Wright* said the uncertainty of funding can affect getting authorization to hold meeting, such as the GLOBE meeting. In terms of running projects, things may be done on a piecemeal basis if CEC is unsure of funding.

Ronald Dutton asked if the budget and the three-year work plan are coordinated. *Doug Wright* responded that usually the plan and budget are completed by October, so approval is obtained in time for a January start. Last year, because of the program shift that resulted from the Puebla Declaration, approval was delayed until February. Approval comes from the Alt. Reps., so it is a Council decision. This year the approval is almost complete except for the State of the Environment project budget of \$50,000, which would cover a meeting of experts from three countries on how to develop a detailed design plan.

Chair dos Santos said that it was very valuable to have *Mr. Wright* present to provide information to the group. *Jeffrey Wennberg* asked if there was a possibility for holding a NAC-GAC meeting in Montreal, Canada, so the group could visit the Secretariat in Montreal and tour sites of environmental concern. *Mark Joyce, EPA*, thought there might be some problem with international travel. *Chair dos Santos* said that at the next meeting, they would be discussing the meeting places for 2007 and they could ask EPA at that time. *Chip Collette* added that the Canada is the host country for the CEC meeting in two years.

Karen Chapman asked who attended the Council sessions. *Chair dos Santos* said that NAC-GAC members can attend Council meetings. *DFO Carrillo* would like to know if anyone would like to attend the next CEC Council meeting which is meeting in Washington, DC on June 27-28, 2006. *Chair Wesson* added that some parts of the meeting are open to NAC-GAC members, but some are not, depending on the agenda. *Evonne Mazouk* said that there is a session run by JPAC in which the NAC and GAC Chairs would report and members could attend. The executive session of the Council is private, except for one member of JPAC. The joint JPAC and Council meeting could be attended by NAC-GAC members.

Mark Joyce said attendance at the meetings would provide an opportunity for the NAC and GAC members from other countries can meet together. *DFO Carrillo* said that EPA will cover the costs of members attending CEC Council meetings. Luncheon meetings are often arranged with NAC members from other countries. *Chair Wesson* thought that organized meetings with other countries' NAC and GAC members would be useful. Also, a NAC-GAC representative meets with JPAC to brief them on advice letters and activities. *Aldo Morell* had attended two meetings, but thought that the most valuable part was meeting with the administrators. He agreed that a formal meeting with other NACs and GACs would be best. *DFO Carrillo* noted that Mexico does not have a NAC, but that SEMARNAT was using international subcommittees comparable to NAC and GAC. *Mark Joyce* added that the Canadian NAC is well-organized and functional. *DFO Carrillo* offered to send the website link to the Canadian NAC to members.

Chair dos Santos asked if there were more topics for advice besides the CEC operational plan, renewable energy, private sector initiative, greening the supply chain, follow up on

Articles 14 and 15, and the quality assurance framework. TEIA probably needs more discussion before advice is given. Members were asked to provide comments on the evaluation form if there were other parts of the CEC operational plan to discuss at the next meeting.

Doug Wright returned after checking with his office and said that the tri-lateral resolution establishes the level of funding for each year, but that the level of funding is not explicit in the agreement, only that the countries provide equal amounts. Mexico's approval had just arrived. *Ms. Marzouk* added that the U.S. is waiting on some clarification on quality assurance and some projects in the operational plan before it signs the resolution. Canada's change in government caused some of the delay, but they have recently signed it. A meeting this week would resolve any differences.

Chair Wesson asked for clarification on the quality assurance plan and whether the plan should be reviewed. *Doug Wesson* responded that all three countries had input to establish a quality assurance framework to present to Council. The document represents what CEC is already doing with some modifications, which amounts to standard practice. The plan explains the different types of treatment for an array of product types and documents. The document has not been officially reviewed, but could be reviewed by NAC or GAC.

Chair dos Santos added the topic of CEC relevance to the previously mentioned topics. The NAC and GAC members would meet in separate sessions for the rest of the meeting time. . The joint business meeting was adjourned at **10 a.m.**

Governmental Advisory Committee Breakout Session

10:10 a.m.

Members Present: *Placido Dos Santos, Chair, Charles Collette, Ronald Dutton, Lisa Gover, Sarah Lile, Robert Scott, Carola Serrato, Jeffrey Wennberg*
EPA, CEC Present: *Oscar Carrillo, DFO, Doug Wright, CEC*

Chair Dos Santos asked members to identify topics for discussion first and then discuss each in detail. After considerable discussion the following topics were identified:

Increasing the relevance of CEC (Priority item)
NAFTA Regional Trade Bloc communication on trade issues
Articles 14 and 15 Follow up
Renewable Energy
CEC Operational Plan
Quality Assurance/Quality Control Framework
Administrative Processes and Delay
Greening the Supply Chain

*Articles 14 and 15 of the North American Agreement on Environmental Cooperation
NAAEC): Follow Up of Factual Records*

Sarah Lile stated that follow up of articles is related to increasing the relevance of CEC. It was difficult to understand why CEC is not more visible because of the heated debate over NAFTA, which would only be supported by the U.S., if there was an environmental component. The public would not like to hear that out of 52 issues, none have been resolved. CEC needs to take action to follow up recommendations in factual records, before CEC becomes irrelevant.

Chip Colette asked *Oscar Carrillo* for a brief review of Article 14 and 15. *DFO Carrillo* explained that the articles provided a way for any citizen to file a submission on an environmental issue on which an environmental law is not being enforced. Submissions are made to the Secretary, who determines whether a factual record is needed. Out of 52 submissions, only 11 have become factual records. Most of the submissions have been against Canada and Mexico. *Chip Colette* added that the U.S. has been able to resolve some issues through environmental laws in the courts and through state laws, but in Mexico and Canada these enforcement mechanisms are not used or not present. *Colin Soto* said that many people in Sonora and Baja California do not like NAFTA because they think it makes the rich richer and the poor poorer. They think that the U.S. takes resources from Mexico and doesn't give any back.

Carola Serrato agreed that if the U.S. wants to have more public awareness then they need to act on the articles. *Sarah Lile* stated the real issue is what complaints have been brought against Mexico and Canada and how have they been resolved. Citizens need protection from industry in Mexico and Canada where regulations are not as strict. In response to a query about whether factual records were openly discussed at JPAC and Council meetings, *DFO Carrillo* said that Council approves the factual records, but does not follow-up. *Robert Scott* thought that the Council should be required to discuss factual records and account for actions taken. *Jeffery Wennberg* cautioned members that if there is no requirement for action this may have been designed on purpose, but he agreed with Mr. Scott. *Ronald Dutton* added that many environmental items related to NAFTA were important along the border, but may not be global enough for CEC. *Chair Dos Santos* said that this topic could be on the agenda for a future meeting.

Chip Colette agreed with Mr. Wennberg and Mr. Scott about the need to report on factual records, but for CEC relevance he thought that the North American Agreement on Environmental Cooperation (NAAEC), Article 13 reports, maps, and the Puebla Declaration were more significant aspects of what CEC does globally. The main action to take on factual records is to ask for specific formalized information about actions taken. *Sarah Lile* noted that there have been economic, political, and demographic changes in the U.S. since NAFTA was put in place and this may become a big issue. The media will tell CEC's story about the lack of action on items, if CEC does not tell its own story by taking action.

Chair Dos Santos reviewed the key points of the discussion about Articles 14 and 15:

Articles 14 and 15 follow up are related to CEC relevance.
Relate to free trade and other treaty agreements.
Lack of follow up on factual records is a problem.

Shape message and be proactive.
Citizen submission process and follow up is linked to public awareness.
Report on trade implications of environmental compliance and non-compliance.
Level the playing field between the U.S., Mexico, and Canada.
Status reports are needed at Council meetings.
Include reports of community-level follow up.

Operational Plan

Oscar Carrillo explained the usual process for development of the CEC work plan. The Council of Ministers gives guidance on the work plan and the Secretariat drafts a work plan in August. In September, the Parties react to the plan and then the plan is presented at the fall meeting of the NAC-GAC for comments. This year the operational plan was approved in December. Since Puebla, the creation of three pillars to the work plan and the Ten-Year Review changed the plan. The three pillars, trade and environment, information and decision-making, and capacity building, required a process of re-tooling.

Ellen Smyth stated that there are three aspects of the plan—administrative, technical, and operational, which makes it difficult to understand. More information is needed over time, not just at the meeting time. *Chair Dos Santos* thought that there ought to be weekly written accounts of each projects and programmatic area between CEC and EPA.

Carola Serrato agreed with the committee members about administrative procedures, technical issues, and the written reports, but a CEC vision or goal seems to be lacking. The operational plan was given to NAC-GAC after the fact and we cannot make meaningful recommendations. CEC needs to be looking at issues that EPA is not looking at or seen the consequences of in the future.

Sarah Lile explained for the new members that GAC did have an opportunity to review and comment on a draft of the three pillars. GAC discussed the role of CEC in the work plan and whether CEC should be a facilitator or an implementer. The question was how to best spend the annual budget funds. Child Health was dropped out as a separate issue and was included in the three pillars, because of the lack of funds. When Dr. Knox first came to CEC there wasn't any operational plan, and GAC's push for a plan was substantial.

Ronald Dutton stated that GAC should focus and give advice on the broad issues, rather than on administrative detail. *Robert Duffy* added that in next year's operational plan he would like to see what has been accomplished. *Colin Soto* was uncertain about who needed the reports more than twice a year. *Chip Collette* agreed that GAC should not review CEC operations, but should provide input as an advisory board.

Chair Dos Santos gave an example of dysfunctionality between the CEC and EPA in terms of sharing information. For example, NAC-CEC generated a plan related to the automotive and electronics industry emissions and EPA developed a plan independently. CEC and EPA should be working together and the process should be institutionalized. *Ms. Lile* thought GAC could offer advice on how to improve cooperation. *Lisa Gover* noted that GAC could

give advice on communication between EPA's 5 year Strategic Plan and the Office on International Affairs (OIA) related to the inclusion of goals and priorities of the CEC.

Oscar Carrillo responded that EPA has five major goals in their work plan, but CEC's work was not mentioned. CEC's advice needs to be relevant to EPA goals. The EPA Strategic plan is on the website so members could comment on it. *Robert Duffy* added that the EPA strategic plan is in process and GAC could make a recommendation that the plan recognize the international work of CEC.

Jeffrey Wennberg saw a link between the operational plan, Articles 14 and 15, and CEC relevance. Articles 14 and 15 are hamstrung by the design, so have no enforcement. Since NAFTA was instituted, there have been economic, sociological, and environmental consequences related to NAFTA that are measurable. The operational plan includes organizing a symposium on how to assess of NAFTA, but they should be looking at consequences, not just how to assess them. Article 13 does require reports and could be used to address this issue. Trade has resulting in effects on species and other global issues not related to NAFTA, and these trade effects are related to CEC relevance.

Oscar Carrillo noted that Article 10 (6) calls for the assessment of environmental impacts of trade. The CEC has developed a very thorough framework for assessing the environmental effects of trade. This model has aided in environmental reviews in the World Trade Organization (WTO) and the Free Trade Area of Americas (FTAA).

Carola Serrato added that the plan speaks to broadening environmental monitoring and assessment. The report talks about submissions and factual records, but this needs to be emphasized more. *Mr. Duffy* thought the CEC relevance could be increased by expediting the work products related to NAFTA. *Ronald Dutton* and *Jeffrey Wennberg* agreed that assessment of the environmental impact of NAFTA needs to go beyond development of methodology. Border trade issues and impacts are relevant to CEC's North American concerns.

In the discussion of the CEC operational plan the following major ideas were presented:

The plan was positive overall.

The multiyear approach was useful.

Greater detail needed for some projects—some require clarification of long-term products

More information is needed on how the work plan is developed.

More time is needed for NAC-GAC to review the operations plan

The plan is the end result of a three-year process that resulted from NAC-GAC advice to have peer review of documents.

Annual reporting of accomplishments by project areas is needed.

Environmental assessment of impacts, not just process, is needed for NAFTA.

EPA and CEC need to coordinate plans.

CEC needs to be discussed in more detail in the EPA operational plan.

Greening of the Supply Chain

Chair Dos Santos summarized the discussion of greening the supply chain by stating that GAC supports NAC's plan, and the plan should include the electronic, pharmaceutical and automotive industries. *Chip Collette* mentioned starting with pilot projects and then expand based on what works. Other ideas were for members to work with their own agencies and applying state-level projects at the Federal level.

Administrative Process and Delay

Members were concerned about the administrative process delay and stated that the plan should be approved on a timely basis.

Quality Assurance

The committee supported the plan, but would like to have more time to review the plan. The quality assurance plan should have been received prior to the meeting.

After lunch, *Chair Dos Santos* reconvened the GAC meeting and stated that the committee had one hour to discuss renewable energy, the NAFTA regional trade bloc, and increasing CEC relevance.

Renewable Energy

Members agreed that renewable energy and climate change were important issues that needed to be discussed and reviewed. CEC is supposed to address North American trade and environmental issues; and climate change affects natural resources, environmental conditions, and trade in North America. Renewable energy ought to be utilized. The following ideas were expressed by the committee:

Something needs to be done about energy consumption from a trade and environmental perspective.

Development of natural resources will become more expensive.

No advice letter would be given on climate change at this time.

Native people have untapped resources on their lands and need to be involved in decision-making.

Members appreciated hearing about the effects of climate change and want to hear more in the future.

Conservation alone will not work to solve the energy challenge or reduce the amount of CO₂. Other sources are needed.

Responses to climate change impacts are needed now, but renewable energy could be worked on first.

CEC and EPA projects on renewable energy should be supported and more projects should be developed.

Kyoto energy credits could be utilized to develop renewable energy projects.

EPA should consider a goal of reducing dependence on fossil fuels and increasing dependence on renewable energy.

EPA should promote development of clean fossil fuels.

NAFTA Trade Bloc on Environmental Issues

Members agreed that this subject requires more discussion before providing any advice.

Increasing the Relevance of CEC to the United States

Chip Collette, referring Doug Wright's statement that there was no emphasis on marketing, only on communications, added that CEC could be more proactive and develop a market strategy. *Chair Dos Santos* said that CEC needed an outreach effort and more media contact. A whole day's session could be devoted to this issue to review successes in the past 10 years and develop a strategy. *Sarah Lile* agreed with having a session on this topic and stated that more needs to be known about CEC's outreach efforts and targets before making recommendations.

Other ideas expressed about *CEC Relevance* include:

Clarify the impact of NAFTA and global trade on the environment.

Involve tribal governments in CEC issues and plans.

Make CEC relevant to states outside of border areas.

Increase hits to CEC website. Create links to the CEC website from the EPA website. Make CEC's database more accessible.

Develop the CEC Ambassador program using GAC members to inform their contacts, such as states, universities, and localities about CEC's work.

Utilize the NADBank 3-day institute format to inform citizens in the U.S. and Mexico about CEC.

Increase funds for public awareness and hire a marketing director.

Publicize the work of states on transportation and pollution.

Identify CEC accomplishments that are relevant to U.S. states and localities

Recommend visioning sessions for GAC, NAC, EPA, and the CEC Secretariat.

Public Comment Period

Teresa Niedda, Farmworker Health and Safety Institute, focused on the importance of the inclusion of affected community persons in trade and environmental planning. In reference to Dr. Knox's suggestions about follow up of factual records, *Ms Niedda* suggested hearing from a panel to include governments, environmental groups, academics, people from affected communities, and non-governmental organizations. Under the quality assurance document on definitions and expert review, representatives from affected communities could be added. The language used in documents could be designed to reach different groups. Since Puebla, JPAC has had more focus on stakeholders and the private sector in workshops. More inclusion of NGOs and community groups is needed. *Ms. Niedda* asked members to be visionaries on worker and community health and environmental issues in relation to industry and trade in NAC-GAC/CEC meetings.

Ellen Smyth offered to provide more information on the annual environmental health conferences in Albuquerque, New Mexico, in September, 2006, that linked environmental health to worker health. Meeting planners tried to get Mexico involved, but the cost of translators was prohibitive.

Adjournment: *Chair Dos Santos* thanked everyone for their input and adjourned the meeting at **2:19 p.m.**

National Advisory Committee Meeting Breakout

9:44 a.m.

NAC Members Present: Dolores, M. Wesson, Chairperson, Dennis J. Aigner, Ph.D., Karen M. Chapman, Irasema Coronado, Aldo Morell, Carlos Perez , Glenn Prickett, Chris A. Wold

CEC/EPA Members Present: Mark Joyce, DFO, Evonne Marzouk, CEC Liaison

Chair Wesson opened the National Advisory Committee meeting and asked members if they wanted to develop a list of topics and designate a member to be responsible for the topic, based on their interests and expertise. *Evonne Marzouk* offered to provide the committee a list based on the sub-topics in the three Puebla Pillars, which could be emailed to members. *Chair Wesson* asked members to respond to the list of topics based on their interests and what they would like to work on further. During the morning session, the committee discussed the next meeting, EPA's private sector proposal on greening the supply chain, quality assurance, and CEC's operational plan and budget.

The second item related to the next meeting in El Paso, Texas. *Chair Wesson* asked whether anyone wanted to help with logistics, suggest field trips, or topics. *DFO Mark Joyce* explained that the purpose of meeting outside of Washington, D.C. was to meet with local organizations and businesses involved in environmental projects, such as greening the supply chain. His office would work on the substance of the meeting and *Oscar Carrillo's* office would be responsible for the meeting's logistics. *Karen Chapman* said she would be glad to help and suggested *Carlos Rincon*, Director of the EPA Office in El Paso and a former JPAC member, to help determine the appropriate invitees.

For the agenda, *Ms. Chapman* suggested air pollution, hazardous waste disposal, and Cap and Trade as important issues in the area. *DFO Joyce* added that joint U.S. EPA and Mexico monitoring of air pollution over 15 years could be an agenda topic. *Chair Wesson* asked *Ms. Chapman* to help with developing the meeting agenda. *Ms. Chapman* accepted.

Chair Wesson asked members if they would like to have a NAC session with *Jerry Clifford*, Deputy Administrator of EPA's Office of International Affairs, to learn what kinds of advice would help CEC. Members agreed that this would be useful. *Mr. Perez* thought that NAC should give advice that helped CEC with its strategic plan. *Irasema Coronado* suggested surveying the CEC staff to learn what tools and policy changes they need to help them be more productive. *Mark Joyce* responded that when a new executive director is employed, the

transitional stage will bring about changes in direction and function. *Ms. Marzouk* added that the focus should be on the new projects under the Puebla Pillars rather than on the past.

After considerable discussion, it was decided to write an advice letter on the process of selecting an executive director, even though the new director would be from Mexico, because the CEC Council makes the final decision and should be involved in the process. The lack of a written selection process could hamper the ability of the Council to nominate the best person. The advice letter to EPA would recommend there be a standardized, written selection process, a written process for identifying candidates, avoidance of conflict of interest, and that the selection be done quickly. The advice would be for both present and future selections of an executive director, who should be of the highest international caliber, regardless of which country is responsible for nominating a candidate, and agreed to by all Parties. *Chair Wesson* added that Mexico should be thanked for paying its share of the budget in the cover letter and offer their assistance to the Mexican NAC. She asked *Chris Wold* to draft the letter and *Carlos Perez* to help edit the letter. *Chair Wesson* will further edit and develop the letter, before sending it by email to members for review and comment.

EPA's Private Sector Proposal on Greening the Supply Chain

Chair Wesson asked *Dennis Aigner* to explain what advice should be given on private sector follow up. *Dr. Aigner* shared his concern that he had just received the EPA proposal, and the Alt. Rep. Meeting to adopt the proposal would be held next week. *Mr. Morell* reviewed the history of the April 2005, meeting, which he thought the focus was to be on building capacity in Mexico for enforcement and training of companies. The discussion moved from the second pillar of building capacity to the third pillar of trade and environment and greening the supply chain, and promoting green markets and purchasing. The CEC Priorities document says nothing about building capacity to regulate industry. *Mr. Morell* added that in January, 2005, he was asked by CEC to describe DuPont's data collection system for emissions, but was only given 15 minutes to discuss the system which would help small businesses to comply with Mexican regulations on toxic release reporting.

Ms. Marzouk apologized for EPA's not being present at the April 2005, EPA meeting. *Mr. Morell* responded that no official apology had been received from EPA. *Ms. Marzouk* attempted to clarify the difference between two projects by stating that the project on greening the supply chain, presented by Charles Auer at the NAC-GAC meeting yesterday, was not currently listed as a CEC priority, but would be discussed next week at the Alt. Rep. meeting, and should be added to the list in time for the next Council meeting. She thought that the automotive sector was a separate project.

Dr. Aigner contended that the projects were not separate, because the meeting in January was on greening the supply chain in the auto industry, electronics, and medical devices and CEC was supposed to propose a plan including all three industries. *Dr. Aigner* thought that the problem was that EPA had a Green Suppliers Network program that included the auto industry, and that EPA and CEC were not working together. *Karen Chapman* added that if there is a "disconnect" between EPA and CEC, this could be detrimental to raising CEC's profile. *Mark Joyce* thought that if EPA was not properly utilizing the NAC-GAC resources

and networks, it was a lost opportunity and this should be communicated to CEC.

A discussion followed on what advice should be given prior to next Wednesday's Alt. Rep. Meeting in regard to a private sector initiative on greening the supply chain. The discussion centered on the EPA draft proposal described as *Expanding Partnerships with Private Sectors and other Stakeholders Initiatives*, March 28, 2006. Dr. Aigner said that he had specific comments related to the January and April, 2006 meetings to incorporate into the EPA proposal and could also include concerns about EPA's management of the proposal. Mr. Morell added two items to the approach section: the downstream effects and incentives for development of green products.

Mark Joyce suggested that a brief summary of an advice letter could be presented at the Alt. Rep. Meeting on Wednesday, to be followed up by a more detailed advice letter. Ms. Marzouk agreed that advice to the Alt. Reps. on the private sector initiative would be helpful. Mr. Prickett suggested adding natural resources, such as agriculture, fisheries, and forestry, and to build capacity of producers in Mexico to get involved in greening the supply chain. He referred to Wal-Mart, Starbucks, and McDonald's incentive programs for green suppliers, who do business with producers in Mexico. Dr. Aigner agreed with adding the big retailers and their suppliers.

Chair Wesson asked Dr. Aigner to write a paragraph summarizing the NAC proposal, the January 5, 2006 meeting, and the need for EPA and CEC to develop a joint process when developing similar proposals. She also asked for input from Carlos Perez and Aldo Morell.

Quality Assurance

Chair Wesson noted that she had reviewed three versions of the Quality Assurance proposal, one from six months ago, the one in the members' packet, and briefly, the one received at the April 6, 2006 NAC-GAC meeting. She would like to see documents identified by name of the person or organization that generated the document, a date, a phone number, and page numbers. Mr. Morell noted that in the 10-Year Review the peer review process was seen as deficient by many constituents. Ms. Wesson thought that the peer review process of CEC was fairly good, but she had asked Dr. Roberts from NAS to present their peer review process at the NAC-GAC meeting to provide members with a gold standard of review.

Ms. Marzouk stated that quality assurance improvement was not just for publications, but on how to manage for results; that is, to track and monitor progress. Chair Wesson thought the latest document on quality assurance would provide a tiered approach where peer review and more scrutiny was needed and less review for less important documents. Chris Wold said he would be glad to review and comment on the document in detail. After his review, an advice letter would be forthcoming.

Operational Plan and Budget

During the discussion of the operational plan and budget the following issues were mentioned:

CEC should have goals and targets related to each project or program. Programs could be tested against the goals.

Some projects, such as greening the supply chain, could have concrete results that would increase the relevance of CEC.

Effects of projects and activities should be monitored and reported.

Actual changes that occur as a result of CEC efforts should be documented in the plan.

The process of the developing the operational plan should be done by schedule.

The process of project development needs to be clarified.

CEC should retain its role as an infrastructure organization and catalyst to move projects forward with other organizations and the Parties, and not administer specific programs.

CEC projects should be created with the purpose of promoting other organizations to adopt worthy projects. CEC projects should have definite end points.

The three pillars could be used as the basis for projecting and monitoring results.

The operational plan and budget resolution for 2007 should be developed in advance of the fiscal year. The budget for Trade and Environment needs further review.

Mark Joyce described the Pollutant Register and Transfer Register (PRTR) as being brought about by the catalytic role of the CEC and the NAC-GAC. CEC's role in helping the three countries agree on renewable energy was another example, but whether this would be reported as reaching a target with a time frame was not certain. *Karen Chapman* wanted to know how the PRTR project was developed. *DFO Joyce* responded that it was a NAC member, Wilma Subra, who initiated and worked on the process. He suggested having Ms. Subra discuss the case study at a NAC-GAC meeting.

Mr. Morell asked if there was an organization that could ensure the proper expenditure of money, if a corporation purchased green energy credits from Mexico. *DFO Joyce* responded that a non-governmental agency in San Francisco is working with CEC on this project.

Ms. Mazouk asked if there were any high-priority, specific projects in the operational plan that NAC members would like to address in more detail for the next meeting. *Mr. Joyce* offered a suggestion of how to approach this by having a sub-set of the committee work on a particular topic. After lunch, *Chair Wesson* asked if the committee wanted to discuss the specific project assignments in the operational plan, but received no response.

Referring to the operational plan, *Mr. Prickett* suggested that projects articulate results similar to the toxics release project, so that Parties can use the results to improve policies or performance. The committee then discussed project criteria, funding for new projects, use of private funding, positive aspects of the operational plan, follow up of Article 14 projects, factual records, working groups, renewable energy, and future projects.

Ms. Wesson referred to criteria related to process and performance and a matrix that were developed the previous year in relation to the three pillars. The criteria addressed partnerships, project development, results, and hand-offs. *Karen Chapman* added that these criteria could be used to determine whether a project was worth undertaking, and also provide for adaptability and benchmarks for reviewing progress. *Ms. Mazouk* said she would

try to locate the criteria from last year.

The committee made the following decisions in regard to topics discussed:

Utilize the criteria developed last year in providing advice on the operational plan and projects.

Obtain private funding for spontaneous projects since the budget is fixed or cut projects already in the budget.

Good projects in the plan included strengthening Article 10 (6), and renewable energy.

Article 14 and 15 factual records prepared by the Secretariat should be acted on by the Alt. Rep. promptly. Follow up is important, but the agreement does not call for action, so the committee will keep this issue under advisement.

A mention could be made in the introduction section of a cover letter about the importance of financial institutions that are taking action on climate change.

Working Group Proposal

On the draft EPA working group proposal, *Ms. Mazouk* said NAC could provide general comments that would go to the Alt. Rep. and the Council. The EPA position was that the former working groups on specific projects would be retained and three new working groups would be developed to oversee the projects in each of three pillars. *Ms. Wesson* referred to the NAC position provided in an advice letter last November that recommended abolishing the standing working groups, except for the 10 (6) working group, and defining new ones under the three pillars. *Ms. Mazouk* responded that EPA wanted to keep the standing working groups because of their expertise and long-standing relationships. NAC members were concerned about groups that might be working under more than one pillar.

Ms. Mazouk said that a group might have two different projects under different pillars. It was clarified that these working groups were part of the Cooperative Work Program and were separate from the working groups under Articles 13, 14, and 15. The Secretariat could convene working groups under NAAEC to obtain assistance of experts. At present, there are four Council-created working groups, and others that have been established ad hoc which will be formalized under the three pillars. Some of the working groups are Biodiversity Conservation Working Group (BCWG), Enforcement Working Group (EWG), SMOC, and one on air emissions. The SMOC committee is made up of EPA employees and their counterparts in Canada and Mexico. *Chair Wesson* said she would work on advice to EPA and asked for volunteers. *Karen Chapman* and *Aldo Morell* volunteered to help.

Renewable Energy

Glenn Pickett noted that most of the proposal on renewable energy related to databases and reports, but the proposal could mention breaking down barriers and harmonizing approaches among countries to have an actual impact on the market. *Chris Wold* was interested in cross-border certification of renewable energy certificates. *Mr. Morell* agreed, but wanted to be sure that when a company buys a certificate that it is legitimate.

DFO Joyce thought this was appropriate for CEC and for encouraging the development of renewable energy in the NAFTA market. *Chantal Line Carpentier* of CEC has been working with the Center for Resource Solutions on renewable energy. Mexico is very interested in renewable energy because of under-served areas. CEC has been working with the Renewable Energy Experts Committee (REEC) regarding mapping of renewable energy technologies in North America. REEC is developing a database of NA definitions of renewable energy and green power, and renewable energy portfolios. Many of the EPA programs could be transmitted to Canada and Mexico, such as Energy Star.

Chris Wold suggested that CEC could identify opportunities for renewable and efficient energy, such as biomass resources and wind power. *Aldo Morell* added that the Climate Leader's program on energy efficiency could be expanded to include Canada and Mexico. A suggestion that CEC certify renewable energy programs in Mexico and Canada was considered too staff intensive, but CEC could establish a process and identify a certifier. EPA could be encouraged to work with CEC to identify the applicability of EPA programs in Mexico and Canada. *Ms. Mazouk* added that encouraging EPA to identify tools that could be used in Canada and Mexico was useful.

After considerable discussion, it was decided to develop an advice letter including the points made in the discussion, especially the idea of renewable energy certificates that would be applicable to the entire North American market. *Chair Wesson* asked *Glen Prickett* and *Aldo Morell* to draft some paragraphs supporting renewable energy. It was decided that they and *Chair Wesson* could make a conference call to *Chantal Line Carpentier* to explore the ideas further. *Mr. Joyce* would make the arrangements.

Responding to members' concerns about the need to receive documents several weeks before the meetings, *Ms. Mazouk* and *Mark Joyce* described the need for interagency review and problems of scheduling meetings which caused delays. Lack of an immediate response to an advice letter did not mean that the ideas were not being utilized.

Future Topics for NAC-GAC Meetings

Future topics suggested by members that related to North American environmental problems, which may or may not be in CEC's operational plan, but that might improve CEC's image and relevance, included:

- Biodiversity including wildlife enforcement, invasive species, and conservation management
- Oceans and water problems in North America
- Shared resources, either bi- or tri-national
- Shared ecosystems and effects of global warming or extreme weather events
- Power plan emissions reduction and electricity markets
- Environmental changes found in mapping, such as habitat, types of species, etc.
- Trade and environmental consequences
- Expansion of renewable energy efforts

Chris Wold thought that the best ideas were those that were related to the projects in the CEC operational plan and EPA's interests. Advice could be given after hearing how projects are progressing. *Carlos Perez* and *Karen Chapman* agreed that the committee should focus on the strategic plan and subjects that were covered in the NAC-GAC meeting and are related to the three pillars.

Chair Wesson said that a rough draft of advice letters on the private sector proposal, quality assurance, and working groups would be sent to members. Members agreed to provide comments to *Ms. Wesson* on subjects previously agreed to. Advice would not be final, but would need to be sent to CEC by Monday for the Alt. Rep. Meeting on Wednesday, April 12, 2006.

Adjournment: The meeting was adjourned at **2:59 p.m.**

SUMMARY CERTIFICATION

I Placido DosSantos, Chairman of the Governmental Advisory Committee, and I Dolores Wesson, Chair of the National Advisory Committee certify the meeting minutes for the date of April 6-7, 2006 are hereby detailed, contain a record of the persons present, and gives an accurate description of matters discussed and conclusions reached, and copies of all reports received, issued or approved by the advisory committee. My signature date complies with the 90-day due date after each meeting required by GSA Final Rule.

Chair, GAC

Chair, NAC